



STATE OF MICHIGAN

OFFICE OF THE GOVERNOR

LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JOHN D. CHERRY, JR.  
LT. GOVERNOR

September 26, 2006

The Honorable Charles E. Schumer  
United States Senate  
Washington, DC 20510

The Honorable Lindsey O. Graham  
United States Senate  
Washington, DC 20510

Gentlemen:

Having read your joint opinion article in yesterday's *Wall Street Journal*, I want to thank you for fighting to end the Chinese government's manipulative currency practices that are costing Americans their jobs and undermining the health of the global economy. I am pleased to know you are determined to press for a vote this week on S. 295, to impose temporary tariffs on all Chinese goods and compel China to play by established world trade rules, if immediate agreements to end this abusive practice are not revealed to you by U.S. Treasury Secretary Henry Paulson.

The evidence of harm to the U.S. manufacturing economy is overwhelming, including an ever-expanding record China trade deficit, large increases in China's foreign exchange reserves, and most notably an undervaluation of the yuan by as much as 40 percent. While President Hu continues to make long-term promises on currency reform, the yuan *appreciated* each day of Secretary Paulson's visit, maxing out at the top of its Chinese-established trading band on September 22.

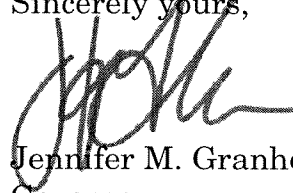
Like you, I hope Secretary Paulson returns with a report of tangible progress on trade issues, although press reports indicate he is returning from China, "empty-handed in terms of Chinese commitments to deal more quickly with long-festered trade problems such as China's currency system or its widespread piracy of U.S. movies and computer programs." (AP, September 25, 2006). I have attached a copy of the letter I wrote to the Secretary before he left for China, urging him to return with meaningful results to immediately provide relief to American manufacturers and workers.

As you stated in your joint article, the workers and manufacturers in our states rightfully demand a level playing field and the Chinese appear content with the status quo that hurts the American economy. Therefore, unless Secretary Paulson reports credible and immediate progress on Chinese currency reform, I

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urge you to press this week for a vote in the Senate on your legislation to impose a temporary tariff on all Chinese imports, so China and all our trading partners understand America means business on aggressive enforcement of trade agreements.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'J. Granholm', written over the printed name.

Jennifer M. Granholm  
Governor

cc: Honorable Carl Levin  
Honorable Debbie Stabenow  
Honorable Sander Levin

Attachments